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C O N F I D E N T I A L SECTION 01 OF 02 LISBON 000428

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TAGS: [ECON](#) [ENRG](#) [KGCC](#) [SENV](#) [PREL](#) [PO](#)

SUBJECT: PORTUGUESE VIEWS ON RECENT CLIMATE CHANGE TALKS

Classified By: Gary B. Applegarth, Pol-Econ Officer, Reasons 1.4 (b) and (d).

SUMMARY

¶1. (C/NF) Portuguese Ministry of Environment climate change contacts Nuno Lacasta and Fausto Brito e Abreu welcome increased U.S. engagement in climate change talks and stress the urgent need for an agreement at Copenhagen in December 2009. The two accept that a prospective agreement, which they maintain should retain the strengths and rectify the shortcomings of the Kyoto Protocol, may represent an interim step provided it includes mechanisms for future enhancement. Both also assert that U.S. leadership on the issue is key to convincing China to participate. End summary.

U.S. LEADERSHIP ESSENTIAL TO COPENHAGEN AGREEMENT

¶2. (C/NF) Poleconoff met with two Portuguese Ministry of Environment contacts, Fausto Brito e Abreu, advisor to the Secretary of State for Environment, and Nuno Lacasta, Coordinator of the Special Committee for Climate Change, on July 22 to discuss Portuguese impressions of recent climate change negotiations. Both officials expressed satisfaction with the "active engagement" of Obama administration negotiators but emphasized the urgent need for a substantial agreement at the Copenhagen talks in December. Brito e Abreu and Lacasta repeatedly stressed the importance of U.S. leadership to achieving an agreement.

NEW AGREEMENT MUST BE FLEXIBLE, RETAIN KYOTO STRENGTHS

¶3. (C/NF) Both officials are resigned to the possibility that a prospective Copenhagen agreement could be "too modest" because of reluctance of U.S. negotiators to accept positions they judge to be unacceptable to the U.S. Congress, but both recognize U.S. resolve to act on climate change is evolving. Therefore, any Copenhagen framework must also define processes or mechanisms for future amendments or changes. Lacasta maintained that a U.S. emissions cap and trade scheme must eventually be comparable to that in the EU to enable "enlargement" of the emissions market.

¶4. (C/NF) Despite the current lack of broad agreement on mid-term (2020) carbon emissions caps, Lacasta maintained there is de facto agreement on the need to limit global warming to within 2 degrees celsius of pre-industrial levels. "All nations must evaluate their own plans to assess whether they are adequate to help meet the goal," Lacasta continued.

¶5. (C/NF) Brito e Abreu stressed that a Copenhagen agreement should retain some elements from the Kyoto Protocol, notably sectoral mechanisms and the Clean Development Mechanism (CDM), but other concepts need revision, particularly the allocation of Assigned Amount Units (AAUs), many of which resulted from economic restructuring in eastern Europe in the 1990s rather than investments in clean technologies,

resulting in a windfall of AAUs to Russia and Ukraine.

CHINA COMMITMENT ESSENTIAL

¶6. (C/NF) Both Brito e Abreu and Lacasta acknowledged it is essential for China to commit to emissions reduction and asserted U.S. leadership is key to attaining China's commitment. To that end Brito e Abreu welcomed recent U.S. talks with China but disclosed that there is some EU concern that the U.S. and China could negotiate a "separate agreement" on climate change. (Comment: Brito e Abreu did not elaborate, but implied concern that a U.S./China agreement exclusive of the EU could necessitate a potentially costly shift in EU climate change direction to align them with the U.S. and China. End comment.) Both also maintain India must commit as well, but they are not overly concerned about the intransigent rhetoric of India's negotiators because, after having their say in previous talks, India has ultimately "allowed" itself to be carried forward within the developing nations' compromise positions.

COMMENT

¶7. (C/NF) Brito e Abreu and Lacasta sincerely welcome more active U.S. engagement in climate change talks and their optimism about progress in recent talks appears genuine, but is clearly predicated on presumed evolution of U.S. proposals toward the EU model. Brito e Abreu's misgivings over a prospective U.S./China deal are not surprising given his ardent advocacy of EU climate change leadership in past

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discussions. The key takeaway from this discussion, however, was the pair's sense of urgency over the conclusion of a substantial deal at Copenhagen. Although they appear cautiously optimistic, Brito e Abreu and Lacasta both voiced concern about mounting resistance to Obama administration initiatives and fear that the difficult U.S. congressional debate over health care reform could diminish political will and capital necessary to gain approval on climate change legislation, and by extension, Copenhagen success. End comment.

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